

THE ASSOCIATES CREDIT INSURANCE SETTLEMENT

Frequently Asked Questions

1. What are the FTC and Class Action cases about?

The central allegation in the FTC's complaint and the Class Action cases is that The Associates deceived consumers into purchasing credit insurance in connection with their loans. The Associates Parties have agreed to pay \$215 million to settle these allegations. The \$215 million will be used to redress injury caused by The Associates' credit insurance practices.

2. Who is eligible to participate in the credit insurance settlement?

Borrowers who purchased credit insurance on loans originated by The Associates or its subsidiaries between December 1, 1995 and November 30, 2000.

3. What companies of The Associates are involved?

The settlement includes customers who obtained loans from any of the consumer-lending subsidiaries of The Associates, for example, Kentucky Finance, First Family, Transouth, and AVCO (during the time the company was a subsidiary of The Associates).

4. Who is Gilardi & Co.?

Gilardi is the Redress Program Administrator that will administer redress to consumers under the settlement. You may access additional information about the settlement by visiting Gilardi's website at www.gilardi.com/theassociates.

5. How do I receive a payment from the settlement?

You do not have to do anything right now to participate in the settlement. If you are a member of the Credit Insurance Sub-class, you should have already received the Notice of Proposed Class Action Settlement in the mail. The Notice of Proposed Class Action Settlement provides information about the settlement process and how you can participate. In the coming months, you will be mailed a separate Claim form. You will have to sign and return the Claim form to the redress program administrator to obtain a settlement payment. As consideration for a settlement payment, you must agree to cancel any credit insurance coverage that has not yet expired on your loan. Unless you excluded yourself from the Credit Insurance Sub-class by the February 7, 2003 deadline, you have been included automatically in the class and have released any claims you might have with respect to the sale of credit insurance on your loans.

6. What will be the amount of my settlement payment?

The amount of money you receive will depend on the amount you paid for credit insurance and the number of consumers who participate in the credit insurance redress program. The FTC expects that the total credit insurance premiums paid by consumers who choose to participate in the redress program will exceed the \$215 million dollars available in the redress fund. In that case, consumers will be paid on a pro rata basis; that is, the money they receive will be equal to only a portion of their credit insurance premiums.

7. How will I receive my settlement payment?

Most sub-class members will receive their settlement payments by check. Others, whose open loans are delinquent, may receive their settlement payment through a reduction in their loan balances.

8. When will I receive my settlement payment?

It is difficult to predict exactly when you will receive your payment because several steps remain before funds can be distributed to consumers. The court is scheduled to hold a hearing on the fairness of the settlement on February 27, 2003. Barring any unexpected delays, the parties hope to begin implementation of the redress program no later than April 2003. Please note that it could take several months to complete the process.

9. Can I exclude myself from this class?

The February 7, 2003 deadline for opting out of the Credit Insurance Sub-Class has now passed. Borrowers who filed a timely request for exclusion with the redress administrator as indicated in the Notice of Proposed Class Action Settlement, will not receive any portion of the settlement funds and may preserve their own claims against The Associates.

10. Will participation in the settlement affect my loan obligations?

Your loan obligations are not affected by the settlement. You should continue to make your regularly scheduled monthly payments as those become due.

11. What if my name and/or mailing address have recently changed?

Please call 1-800-395-0451. You may be asked to provide certain information in order to accurately update our records.

12. Where do I get additional information?

The Stipulation of Settlement and related documents in this action, including the Notice of Proposed Class Action Settlement, are available for inspection at the office of the Clerk of the San Francisco County Superior Court, 400 McAllister St., San Francisco, CA 94102, or online at **www.ftc.gov/theassociates** and **www.gilardi.com/theassociates**. Please do not call the court, the clerk of the court, or the defendants in this matter for information.